

FACT SHEET

MEDICARE PARTNERSHIPS FOR QUALITY CARDIOVASCULAR SERVICES AND QUALITY TOTAL JOINT REPLACEMENT SERVICES

This demonstration will test whether bundled payments covering both hospital and physician services for certain high volume, high cost procedures will improve the coordination and quality of care provided to beneficiaries as well as achieve savings for the Medicare program. Under the demonstration, hospitals and physicians would have the flexibility to allocate resources as they determine most appropriate, thus having an incentive to work together to provide coordinated, cost effective care.

Description

The procedures covered under this demonstration, selected cardiovascular surgery and related invasive procedures as well as hip and knee replacement, affect a significant number of Medicare beneficiaries and comprise a significant percentage of inpatient Medicare payments. Moreover, there is research in the literature, which suggests that programs, which perform large numbers of these procedures, can produce clinically better outcomes, more cost effectively. However, the current method of paying for these services often results in hospitals and physicians having contradictory incentives. The use of a global payment is intended to align the incentives of hospitals and physicians to provide more coordinated, high quality, cost effective care and give providers better control over how resources are spent.

Background

This demonstration, which had earlier been put on hold due to resource constraints caused by Y2K related system modifications and activities mandated by the Balanced Budget Act of 1997, was re-started in 2000. The name was recently changed from "Medicare Participating Centers of Excellence" to "Medicare Partnerships for Quality Services" to reflect the demonstration's commitment to quality and CMS's vision of a collaborative partnership which encourages the development and sharing of knowledge about how quality can be maintained and improved.

To develop and implement the infrastructure necessary to administer the program effectively, we decided to limit the geographic focus and number of sites to be selected. Applications were accepted only from hospitals in Michigan, Illinois and Ohio. These states were selected because they share common fiscal intermediaries and carriers that were already operating on standard claims processing systems and are served by a single CMS regional office. Also, the majority of the applications to the initial Medicare Participating Centers of Excellence demonstration came from facilities in these states. However, because of the passage of time, it was decided to re-open consideration to all hospitals in these three states and require all hospitals to submit new applications.

The application and application process used in the initial effort to implement this demonstration were revised significantly. Panels of clinical experts who are knowledgeable about cardiovascular and major joint replacement surgery were convened to discuss what the appropriate clinical criteria should be and how they should be

measured. As a result of this effort, the selection criteria and related application were streamlined and improved.

The re-started demonstration was announced in November 2000. Interested hospitals were sent applications on January 2, 2001. In an effort to assist hospitals in preparing their global rate proposals, hospital-specific information on historic part A and part B payments by DRG was also provided.

We have entered into a contract with The Barents Group of KPMG Consulting LLC to assist with implementation support. Specifically, the contractor will be charged with developing and implementing a methodology for updating payment rates, preparing OMB waiver cost estimates, and facilitating a pre-implementation conference.

A key aspect of the demonstration is the development of a collaborative quality consortium to collect and use data to improve the systems of delivering care in a continuous quality improvement effort. In support of this effort, Abt Associates, Inc., with the support of the Delmarva Foundation for Medical Care, has been engaged to assist in identifying key performance measure, developing a database and collecting and reporting to CMS and demonstration sites, and facilitating a "Quality Consortium" with demonstration sites to share information about how the data is being used to facilitate continuous quality improvement efforts.

Current Status

As a result of the quality review process, several hospitals were selected last fall for further discussions. We have completed updating their proposed payment rates which were submitted in 1999 dollars to the 2002 Medicare fee schedules. A formal announcement regarding participating sites is expected in early summer, 2002 and the demonstration is expected to be operational in early 2003. On a parallel track, CMS has been working with Abt Associates on the development of the quality monitoring system to measure clinical performance under the demonstration. Formal reports on relevant performance measures for cardiovascular and total joint replacement services and the "state of the art" have been completed. Final selection of the measures to be used will be a collaborative effort with all of the demonstration sites.